

Message Text

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ORIGIN XMB-04

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FM SECSTATE WASHDC

TO AMEMBASSY MANILA

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E.O. 11652: N/A

TAGS: EFIN, ETRD, ENRG, RP

SUBJECT: NUCLEAR POWER - EXIM FINANCING

REF: MANILA 8749

1. CHAIRMAN CASEY HAS WRITTEN A LETTER TO AMBASSADOR SULLIVAN OUTLINING EXIMBANK'S POSTURE. PENDING RECEIPT OF BASEY LETTER, THE FOLLOWING SUMMARIZES THE CURRENT STAGE OF NEGOTIATIONS.

2. TOTAL COST OF TWO UNIT PROJECT IS \$1,609,500,000 OF WHICH U.S. COSTS ARE \$985,700,000, PLUS CAPITALIZED INTEREST FOR TOTAL U.S. PORTION OF \$1,213,800,000. TOTAL EXIMBANK ASSISTANCE REQUESTED REPRESENTS 128 PERCENT OF U.S. PROCUREMENT AND 79 PERCENT OF TOTAL PROJECT COST. NATIONAL POWER CORPORATION (NPC) WOULD CONTRIBUTE \$118 MILLION (7.3 PERCENT OF TOTAL PROJECT COST) OVER 8 YEARS WITH REMAINING 92.7 PERCENT FINANCED BY DEBT.

3. PROCUREMENT OF ONE UNIT OR TWO UNITS IS MAJOR ISSUE. IN
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VIEW OF MAGNITUDE OF FINANCING INVOLVED FOR TWO UNITS, EXIMBANK

BUDGETARY CONSTRAINTS; DEMANDS UPON EXIMBANK'S RESOURCES FOR FINANCING OTHER NUCLEAR UNITS, EXIMBANK WILL CONSIDER ONLY ONE UNIT. AS OF MAY 31, 1975, EXIMBANK EXPOSURE IN PHILIPPINES WAS \$253 MILLION. IF TRANSACTION ENVISIONED BY NPC WAS APPROVED, EXIMBANK EXPOSURE IN PHILIPPINES WOULD BE ABOUT \$1.5 BILLION AND MIGHT WELL FORESTALL SUBSTANTIAL EXIMBANK FINANCING IN THE PHILIPPINES FOR YEARS TO COME. FURTHER, OTHER INTERNATIONAL LENDERS TOO WOULD TAKE HEAVY EXTERNAL FINANCING INTO ACCOUNT WHEN CONSIDERING CREDIT PROPOSALS.

4. FINANCIAL PATTERN OUTLINED IN REFTEL BASICALLY CORRECT.

5. UNDERSTAND KEOGH AND HAYWARD OF WESTINGHOUSE VISITING RAMON RAVANZO AND COLLEAGUES AFTER JULY 4 TO CONTINUE NEGOTIATIONS. INGERSOLL

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